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Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

May 13, 2003

DA # 03-1649

ANNUAL ADJUSTMENT OF REVENUE THRESHOLDS

This notice announces the inflation-adjusted 2002 revenue thresholds used for classifying carrier categories for various accounting and reporting purposes: (1) distinguishing Class A carriers from Class B carriers;¹ and (2) distinguishing larger Class A carriers from mid-sized carriers.² The revenue threshold between Class A carriers and Class B carriers is increased to \$121 million.³ The revenue threshold between larger Class A carriers and mid-sized carriers is increased to \$7.083 billion.⁴ The revenue thresholds for 2002 were determined as follows:

	Mid-sized Threshold	Larger Class A Threshold
(1) GDP-CPI Base	91.62 ⁵	109.37 ⁶
(2) 2002 GDP-CPI ⁷	110.66	110.66
(3) Inflation Factor (line 2 ÷ 1)	1.2078	1.0118
(4) Original Revenue Threshold	\$100 million	\$7 billion

¹ See 47 C.F.R. §§ 32.11, 43.21, 43.43 and 64.903.

² See 47 C.F.R. § 32.9000.

³ Section 402(c) of the 1996 Act mandates that we adjust this revenue threshold annually to reflect the effects of inflation since October 19, 1992, at which time the threshold was \$100 million. In accordance with the Act, we adjust the threshold based on the ratio of the gross domestic product chain-type price index (GDP-CPI) in the revenue year and the GDP-CPI for October 19, 1992.

⁴ In the *Phase 2 Report and Order* released November 5, 2001, the Commission concluded that it would begin annually indexing for inflation the \$7 billion threshold used to separate the larger Class A carriers and the mid-sized carriers using the GDP-CPI index factor. Because this Order was released in 2001, we use the December 31, 2001, GDP-CPI as the base. See *2000 Biennial Regulatory Review – Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2; Amendments to the Uniform System of Accounts for Interconnection; Jurisdictional Separations Reform and Referral to the Federal-State Joint Board; Local Competition and Broadband Reporting*, CC Docket No. 00-199, Report and Order in CC Docket Nos. 00-199, 97-212, and 80-286; Further Notice of Proposed Rulemaking in CC Docket Nos. 00-199, 99-301, and 80-286, 16 FCC Rcd 19913 (2001) (*Phase 2 Report and Order*).

⁵ GDP-CPI adjusted to October 19, 1992.

⁶ GDP-CPI for December 31, 2001.

⁷ National Data Tables, *Survey of Current Business*, Bureau of Economic Analysis, April 2003, Table 7.1.

(5) 2002 Revenue Threshold⁸ (line 3 * 4) \$121 million \$7.083 billion

Action by Chief, Pricing Policy Division

⁸ Rounded to the nearest million.